

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
APRIL 23, 2008

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Atchley, Bryan, Vice Chair
Caldwell, Gene, M.D.
Gaither, Keith, designee for the TennCare Director
Handorf, Charles, M.D.
Jones, Clark
Lammert, Gregory
Morris, John, designee for the Commissioner of Commerce and Insurance
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Troy, Peggy

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Brogden, Reid, General Counsel
Christoffersen, Jim, Deputy General Counsel
Craighead, Alecia, Statistical Analyst III
Earhart, Phillip, Health Planner III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Office Manager
Wells, Phil, Health Planner III

GUESTS PRESENT

Anderson, E., Tennessee Ortho Clinics
Ashin, Jeff, CEO, Mercy Health Partners, Metro Division
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry
Brotherton, Matthew, Kramer Rayson, LLC
Brown, Dere, NHC
Bryan, Jack, CEO, Community Division, Mercy Health Partners
Campbell, Chris, Mercy Health Partners
Coleman, Shannon, Kramer Rayson, LLC
Corritore, Danell, Department of Health
Culp, Joe, Department of Health
Day, Edwin W., Consultant
Duncan, Bruce, NHC
Elrod, Dan H., Esq., Miller & Martin
Gooch, Warren, Esq., Kramer Rayson, LLC
Gray, Clarence, Horizon Medical Center
Halsey, Laurie, Covenant Health Services
Hampton, Mike, CEO, AmeriCare Specialty Hospital
Harkness, Eric, Planning & Research Coordinator, Division of Health Planning, Finance & Administration
Hecht, Jeff, M.D., University Rehabilitation Associates
Houchin, Barbara, St. Thomas Health System

Hovis, W. David, M.D.
Ivy, Robert, M.D., Knoxville Orthopaedic Clinic
Langston, Mark, Vice President, Operations, Surgical Care Affiliates.
Levey, Teresa, Vice President, University Health System
London, Debra, President/CEO, Mercy Health Partners
Luchessi, Jane, Memorial Hospital
Majors, Norman, Senior Vice President & CAO, University of Tennessee Medical Center
Maples, Betsy
Marshall, John, CEO, Horizon Medical Center
McPherson, Jeff, Tennessee Ortho Clinics
Morton, Chad, Rehabilitation Director, Claiborne County Hospital
Richardson, Michael, Covenant Health Services
Rose, Camille
Rose, Carroll, M.D., Claiborne County Hospital
Russell, Richard, THCA
Stephenson, Kate, Esq., Trauger & Tuke
Sumner, Glenn, Southeastern Orthopaedics
Sylvia, John B., Director of Planning, Mercy Health Partners
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC
Thomas, Gary, Vice President, Compliance & Accreditation, University of Tennessee Medical Center
Trauger, Byron R., Esq., Trauger & Tuke
Vanlandingham, Linda, Director Quality Risk Management, Claiborne County Hospital
Watson, William Harry, Vice President, University Health System
West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz
Wieting, Michael, M.D., Claiborne County Hospital

Chairman Koella, called the meeting to order at 8:30 a.m. in the Main Auditorium of the AT&T Tower, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements. The May meeting will be held at the Sommet Center.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Claiborne County Hospital - (Tazewell, Claiborne County) - Project No. CN0711-087

Conversion of eight (8) existing beds to a rehabilitation unit and the initiation of inpatient rehabilitation services. No other services will be initiated. The total number of licensed beds will not change as a result of this project. Project Cost \$314,206.00.

Warren Gooch, Esq., representing the applicant, addressed the Agency. Speaking in support were: Jeff Hecht, University Rehabilitation Associates; Linda Vanlandingham, Director Quality Risk Management; Dr. Carroll Rose. Present in support were: Jack Bryan, CEO, Community Division, Mercy Health Partners; Chad Morton, Rehabilitation Director; and Edwin W. Day, Consultant.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need is there as they are the only rehabilitation hospital in the area. The need will increase as they will be a training site for a new medical school (DeBusk Medical Institute); 2) Economic Feasibility – Economic feasibility is satisfied; and 3) The project does contribute to the orderly development of adequate and effective health care by having a local hospital to meet the needs of the citizens for rehab and with this being a training site for the medical school. Mr. Morris seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Morris, Lammert, Caldwell, Atchley, Handorf, Weaver, Gaither, Jones, Koella

NAY: None

Amedisys Home Care - (Nashville, Davidson County) - Project No. CN0711-088

HEALTH SERVICES AND DEVELOPMENT AGENCY

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The addition of Stewart County to its licensed service area. The licensed service area for Amedisys Home Care currently consists of the following counties: Cheatham, Houston, Robertson, Dickson, Humphreys, Rutherford, Davidson, Maury, Sumner, Montgomery, Hickman, Macon, Smith, Trousdale, Wilson and Williamson. The parent office is located at 230 Cumberland Bend, Suite D, Nashville (Davidson County), TN 37228. A branch office is located at 30 Crossland Avenue, Suite 106, Clarksville, TN 37040. Upon approval, Amedisys Home Health, a home care organization also owned by Amedisys Tennessee, LLC, will surrender Stewart County from its licensed service area. Project Cost \$23,000.00.

Deferred to the May Meeting

Saint Francis Hospital - Bartlett - (Bartlett, Shelby County) - Project No. CN0712-099

The initiation of a ten (10) bed neonatal intensive care unit (NICU) at the hospital's campus. There will be no new beds as a result of this project. There will be no other new services initiated or discontinued, and no major medical equipment will be added. Project Cost \$33,000.00.

Deferred to the May Meeting

Horizon Medical Center - (Dickson, Dickson County) - Project No. CN0801-001

The development of an outpatient surgical facility with three (3) operating rooms and three (3) procedures rooms on it's satellite campus at 107 Natchez Park Drive, Dickson (Dickson County), TN 37055. This project relocates most of the hospital's outpatient surgery from the main campus at 111 Highway 70 E, Dickson (Dickson County), TN. Staffed surgical room capacity will increase from 9 to 10 rooms at both campuses combined (when the 6 new satellite rooms open, 5 rooms at the hospital will no longer be staffed). The proposed facility will operate under the hospital license as a satellite of the Surgery Department. Horizon Medical Center is a general hospital licensed for 157 beds which will not be affected by this project. Project Cost \$12,054,004.00.

Jerry Taylor, Esq., representing the applicant, addressed the Agency. John Marshall, CEO, spoke on behalf of the project.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is evident for the modernization of the existing facility; 2) Economic Feasibility – The project is economically feasible with cash reserves available; and 3) The project does contribute to the orderly development of adequate and effective health care as they are a TennCare provider and there is a need to provide these services to the community. Mr. Lammert seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Morris, Lammert, Caldwell, Atchley, Handorf, Weaver, Gaither, Jones, Koella

NAY: None

West Knox Surgery Center - (Knoxville, Knox County) - Project No. CN0801-002

The development of an outpatient surgery treatment center to include four (4) multi-specialty operating rooms and two (2) endoscopy/procedure rooms in approximately 18,000 square feet of space. The new service will be provided on the ground floor of a new medical office building adjacent to Baptist Hospital for Women at 10820 Parkside Drive, Knoxville (Knox County), TN 37934. The address for the new medical office building has not yet been assigned. This project will not increase or decrease any licensed bed complement. No other major medical equipment will be involved and no other health services are being proposed. The sole member of West Knox Surgery Center, LLC is Baptist Hospital West, however, it is anticipated that qualifying physicians will be offered partial ownership (up to 49%) in the center. Project Cost \$13,282,372.00.

Warren Gooch, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: Debra London, President/CEO, Mercy Health Partners; W. David Hovis, M.D.; and John B. Sylvia, Director of Planning, Mercy Health Partners. Jeff Ashin, CEO, Mercy Health Partners, Metro Division was present.

Opposing the project were: Byron Trauger, Esq. representing Knoxville Surgery Center; and Mark Langston, Vice President, Operations, Surgical Care Affiliates.

Mr. Gooch rebutted.

Mr. Trauger summated for the opposition.

Mr. Gooch summated for the applicant.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need, the numbers as part of an overall of what is a movement of changes of hospitals, the need is there, to make a smooth transition from closing two (2) hospitals and building another and taking care of the patients at the same time.; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care, if this project is indeed considering the overall closure of two (2) hospitals and building a new one, this ASTC will be very effective in adequately caring for the patients and the doctors who need these operating rooms while the transition is made. Mr. Atchley seconded the motion. The motion CARRIED [5-4-0]. **APPROVED**

AYE: Caldwell, Atchley, Weaver, Jones, Koella

NAY: Morris, Lammert, Handorf, Gaither,

Knoxville Orthopaedic Surgery Center - (Knoxville, Knox County) - Project No. CN0801-003

The establishment of a single specialty ambulatory surgery treatment center (ASTC) limited to orthopaedic related services in 21,897 square feet of leased space in a new building to be constructed at an unaddressed site on Fort Sanders West Boulevard, Knoxville (Knox County), TN 37922. This facility will include four (4) operating rooms, one (1) procedure room and unfinished shelled space for two (2) additional operating rooms to be completed when needed. The project does not include acquisition of major medical equipment or the initiation of any other service. Project Cost \$11,920,930.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Robert Ivy, M.D., Knoxville Orthopaedic Clinic spoke on behalf of the project. Glenn Sumner, CEO, Southeastern Orthopaedics was present.

Opposing the project were: Byron Trauger, Esq. representing Knoxville Surgery Center; and Mark Langston, Vice President Operations, Surgical Care Affiliates.

Mr. Elrod rebutted.

Mr. Trauger summated for the opposition.

Mr. Elrod summated for the applicant.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need is there for the present facility which is increasing from 13 to 19 physicians and this ASTC will be dedicated to their practice; 2) Economic Feasibility – The project's feasibility is no problem; and 3) The project does contribute to the orderly development of adequate and effective health care by allowing this many physicians participating in a large orthopaedic practice by having their facility where they can manage it and getting their patients in and out. Mr. Lammert seconded the motion. The motion CARRIED [8-0-1]. **APPROVED**

AYE: Morris, Lammert, Caldwell, Atchley, Weaver, Gaither, Jones, Koella

NAY: None

ABSTAINED: Handorf

Dr. Handorf recused

University of Tennessee Medical Center - (Knoxville, Knox County) - Project No. CN0801-004

The construction of a new wing to the existing hospital and the renovation of space in the existing hospital. The new construction will consist of approximately 125,838 square feet of space, and the renovation of approximately 8,791 square feet of space. The new wing will house a cardiovascular intensive care unit (CVICU) and expand the endoscopy procedure suite including the addition of three (3) endoscopy labs. The designated CVICU beds will increase from 18 to 24. No new services will be initiated and no current services

will be discontinued. No additional licensed beds are requested. No major medical equipment is involved in this project. Project Cost \$26,008,713.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: Gary Thomas, Vice President, Compliance & Accreditation, University of Tennessee Medical Center; Norman Majors, Senior Vice President & CAO, University of Tennessee Medical Center; and William Harry Watson, Vice President, University Health System. Teresa Levey, Vice President, University Health System was present.

Mr. Lammert moved for approval of the project based on: 1) Need – The project will meet the need of the patients, specifically cardio ICU patients by giving them more adequate space; 2) Economic Feasibility – The project's economic feasibility is met with cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care in the Knoxville area. Mr. Atchley seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Morris, Lammert, Caldwell, Atchley, Weaver, Gaither, Jones, Koella

NAY: None

Ms. Weaver and Mr. Morris left meeting

GENERAL COUNSEL'S REPORT

Memphis Long Term Care Specialty Hospital, CN0603-019A - (Memphis, Shelby County) and AmeriCare Specialty Hospital, CN0411-104A

Request for extension of expiration date of both projects to January 1, 2010. AmeriCare Specialty Hospital, CN0411-104A was approved on May 25, 2004 for the establishment of a sixteen (16) bed freestanding psychiatric acute geriatric hospital with an expiration date of July 1, 2008. Memphis Long Term Care Specialty Hospital, CN0603-019A was approved on July 26, 2006 for the establishment of a twenty-four (24) bed long term acute care hospital with an expiration date of September 1, 2009. Request for corporate restructuring was granted on March 28, 2007. (Approval will extend CN0411-104A by 18 months and CN0603-019A by 4 months.).

Michael D. Brent, Esq., representing the applicant, addressed the Agency. Mike Hampton, CEO, was present on behalf of the project.

Mr. Lammert moved for approval of the request to extend both projects to January 1, 2010. Mr. Atchley seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Lammert, Caldwell, Atchley, Handorf, Gaither, Jones, Koella

NAY: None

OTHER BUSINESS

Spring Hill Hospital - (Spring Hill, Maury County) - Project No. CN0604-028A, Docket No. 25.00-92967J

Motion for Reconsideration by Maury Regional Hospital and Williamson Medical Center.

Jerry W. Taylor, Esq., representing the applicant was present.

Dr. Handorf moved for Reconsideration. Mr. Atchley seconded the motion. The motion CARRIED by unanimous voice vote [7-0-0]. **APPROVED**

AYE: Lammert, Caldwell, Atchley, Handorf, Gaither, Jones, Koella

NAY: None

Dr. Handorf moved to approve the proposed CONDITION that HCA/Tri-Star be required to delicensed 56 beds at other facilities upon the licensure of Spring Hill Hospital. Mr. Atchley seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Lammert, Caldwell, Atchley, Handorf, Gaither, Jones, Koella
NAY: None

OTHER BUSINESS

- 1) State Health Plan – Eric Harkness, Planning & Research Coordinator, Division of Health Planning, Finance & Administration, discussed the status of development of the state health plan.

CURRENT REPORTS

Minutes

The minutes of the March 26, 2008, meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab